

## **SPS ACCOMPLISHMENTS REPORT FISCAL 2002**

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## EXECUTIVE SUMMARY

This Report represents the seventh annual summary and analysis of USDA's successes in resolving trade barrier issues related to animal disease and plant pest concerns, prepared by the Animal and Plant Health Inspection Service (APHIS). The Report highlights the efforts of USDA to support the principles of the World Trade Organization (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), by removing barriers to trade, participating in the development of international standards, and promoting the understanding of SPS principles at home and internationally.

In fiscal 2002, 76 SPS-related trade issues involving U.S. agricultural exports were resolved, permitting trade worth over \$2.1 billion to occur. These accomplishments include new or expanded market access for U.S. agricultural products, as well as the retention of 28 export markets. An export accomplishment involves the exchange of technical information with our trade partners that enables trade to take place and satisfies the health concerns of the countries involved.

Likewise, this Report addresses import accomplishments where new or expanded access for certain agricultural products to the U.S. market was permitted. A total of ten such SPS-related import accomplishments occurred in fiscal (FY) 2002, enabling trade worth \$43 million.

The information in this Report was gathered from APHIS staffs involved in the management of SPS issues. The Phytosanitary Issues Management staff, part of Plant Protection and Quarantine, and the National Center for Import and Export of Veterinary Services, provided input on the resolution of SPS-related issues. In addition, information was supplied by International Services, particularly the APHIS Foreign Service officers who work closely with their host country counterparts. The Trade Support Team, also part of International Services, compiled the data presented in the Report, conducted the analysis, and prepared the Report.

## INTRODUCTION

For the seventh consecutive year, APHIS has prepared the annual SPS Accomplishments Report. This Report details USDA's successes in the areas of international trade related to sanitary and phytosanitary barriers, and illustrates the nature and effectiveness of USDA's efforts in the SPS trade area. These activities include the opening, retaining, or expanding of overseas markets for U.S. agricultural products, supporting the work of international standard-setting bodies, and technical assistance activities.

In fiscal 2002, 76 SPS-related trade issues involving U.S. agricultural exports were resolved, permitting trade worth over \$2.1 billion to occur. These export accomplishments included opening new markets for potatoes to Japan and for seed potatoes to Uruguay, expanding existing markets for apples and potatoes to Mexico, tobacco to China, and pet food to the Ukraine and Latvia. In addition, the United States permitted new or expanded access for imported products from Japan, Philippines and Estonia.

The Report relies on the following definition for SPS trade issue resolution: an SPS accomplishment takes place when an SPS issue is resolved in a way that enables the movement of commodities and satisfies the health concerns of the countries involved. In addition, we divide SPS accomplishments into three categories: **Market access** refers to obtaining first-time access to a previously closed market, or re-opening a market that has been closed for some time. **Market expansion** involves increasing the openness of an existing market, for instance by enlarging the area eligible to export, increasing the number of varieties eligible for export, or reducing mitigation measures (and therefore the costs) applied to the export. **Market retention** means that access to an existing market is preserved in the face of some action that threatens to close that market.

For APHIS, an SPS issue arises when animal or plant health concerns potentially limit the movement of a commodity in international trade. In such instances, APHIS scientists and technical staff enter into discussions with their foreign counterparts on the scientific issues related to the movement of the product. The goal of these discussions is to determine under which conditions trade can take place without presenting a risk to the animal or plant resources of the countries involved.

Import requirements designed to protect the biological health of the agricultural sector can significantly restrict trade. The exchange of technical and scientific information can convince an importing country that the risk associated with imported products is less than had been perceived, or can be safely addressed through certain risk mitigation measures. Like the United States, our trading partners are understandably cautious in determining when and how agricultural trade can occur. Therefore, technical discussions aimed at enhancing conditions for trade are often sensitive and time-consuming.

The successes presented in this Report, as in previous years, drew on APHIS' recognized expertise in key technical fields, including animal and plant health risk assessment. Another key component is extensive coordination among the U.S. government agencies

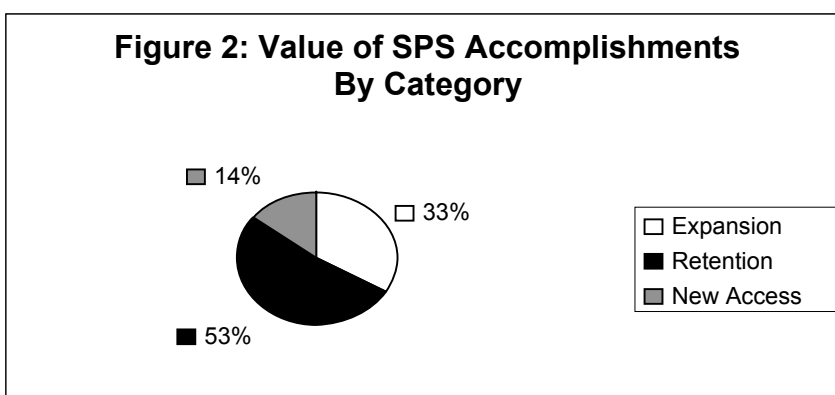
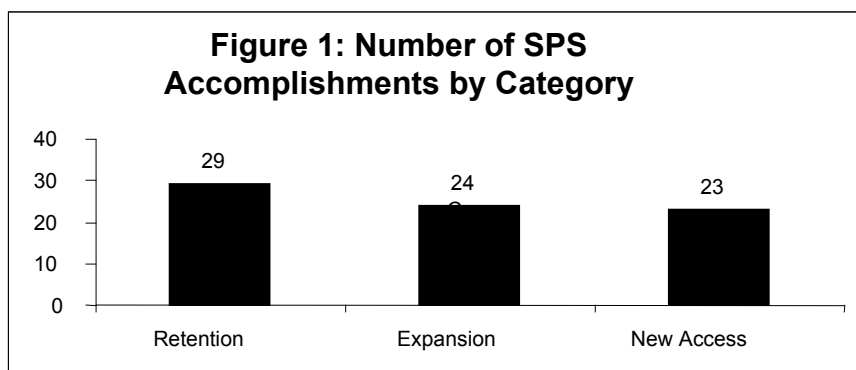
involved in SPS trade issues. In addition to APHIS, USDA's Agricultural Marketing Service, Grain Inspection, Packers, and Stockyards Administration, and the Food Safety and Inspection Service supply critical technical input to make trade facilitation possible. Within USDA, the Foreign Agricultural Service plays the lead role in developing and implementing trade policy. USDA's partners in resolving SPS trade issues include the Office of the U.S. Trade Representative (USTR), the Department of State, the Environmental Protection Agency, and the Food and Drug Administration.

## EXPORT ACCOMPLISHMENTS

In fiscal 2002, a total of 76 SPS-related trade issues were resolved resulting in more than \$2.1 billion worth of export sales (Table 1). These sales were destined for 31 different countries and involved a variety of products. These products covered the entire range of U.S. agricultural production including grains and oilseeds, horticultural products, live animals, and animal products, and propagative materials such as nursery stock and seeds. Likewise, the trading partners involved in these SPS issues spanned the globe from Asia and to Europe, the Middle East, and Latin America.

<b>Table 1-FY 2002 Export Accomplishments</b>	
<b><u>Market Retention</u></b>	
Plant Products	\$ 355,157,750
Animals & Products	<u>\$ 757,304,941</u>
Total .....	<b>\$ 1,112,462,691</b>
<b><u>Market Expansion</u></b>	
Plant Products	\$ 357,461,598
Animals & Products	<u>\$ 347,447,000</u>
Total.....	<b>\$ 704,908,598</b>
<b><u>New Access</u></b>	
Plant Products	\$ 269,685,708
Animals & Products	<u>\$ 35,048,980</u>
Total.....	<b>\$ 304,734,688</b>
<b>Total.....</b>	<b>\$ 2,122,105,977</b>
Source: USDA <i>Foreign Agricultural Trade of the United States</i> .	

Twenty-nine of the 76 export accomplishments involved the retention of existing markets, which accounted for 53% of the \$2.1 billion total. This is a lower percentage than for fiscal 2001, when markets retained contributed to 72 percent of the total. Market retention is typically the largest of the three categories analyzed in terms of trade value.

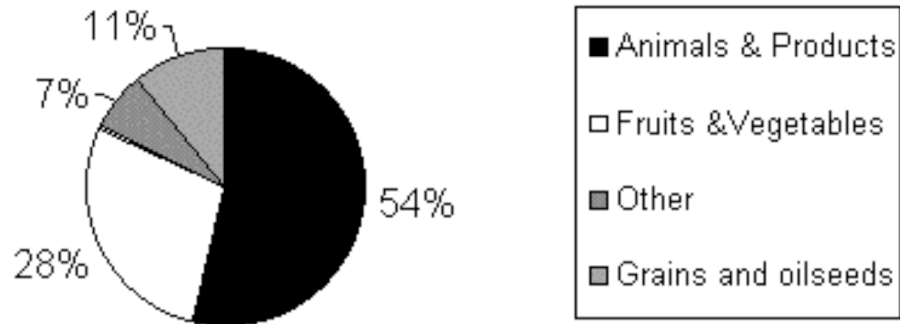


In fiscal 2002, 24 export markets were expanded, permitting \$705 million in trade to occur. Market opportunities for several U.S. products were expanded, including the apples and potatoes to Mexico, and cotton to Peru. The expansion of potatoes to Mexico involved a signed protocol that would reopen U.S. exports of table stock potatoes to Mexico. In addition, APHIS agreed to send Mexican inspectors to Michigan and Virginia, thus expanding access for apples from those states to Mexico. APHIS and Peruvian officials reached an agreement eliminating fumigation of cotton from the United States.

New markets for several products were opened in fiscal 2002. USDA obtained market access for California grapes to Australia after 10 years of negotiations. USDA also negotiated an agreement for apples into Pakistan. Finally after years of technical discussions, Mexico published regulations to allow access for apricots from the U.S. Pacific Northwest.

In value terms, exports of animals and animal products made up the largest share of export accomplishments in fiscal 2002 at \$1.1 billion, or 54 percent of the total. Sales of fruit and vegetables accounted for nearly 28 percent of the total (\$596 million), and grains and oilseeds comprised 11 percent (\$229 million). Other products such as cotton, tobacco, and hay made up the remainder (\$126 million or 7 percent of the total).

**Figure 3: SPS Accomplishments  
by Product (value)**



**Figure 4: SPS Accomplishments By  
Region**



Geographically, markets in the Asia accounted for the greatest share of the total value of export accomplishments in fiscal 2002. Markets in Asia accounted for \$784 million, or 38 percent, of the total value.

Notable export accomplishments in Asia for fiscal 2002 include the retention of poultry markets in Japan, Korea and the Philippines. US poultry and poultry products in Asia were disrupted in fiscal 2002 because of the new restrictions imposed by Japan, Korea, and the Philippines in response to limited outbreaks of Low Pathogenic Avian Influenza (LPAI) in the United States. LPAI is not considered a List A disease by the International

Office of Epizootics (OIE). After successful negotiations, APHIS was able to reach agreement with all three countries to allow trade to continue, retaining markets worth over \$169 million.

Export sales to the Americas region amounted to \$749 million, or 34% of the total. Within the Americas region Mexico was the top market, accounting for over \$155 million of export accomplishments to that region. Many of these accomplishments with Mexico reflect on-going trade issues. For instance, the expansion of market access for apples in fiscal year 2002 was worth \$88 million. Other export accomplishments for U.S. commodities to Mexico include expanding market access for cherries, canola seed, and potatoes. Frequent negotiations with Mexico are crucial to keep trade flowing, and also provide an opportunity to seek modifications to Mexican import requirements to improve trade conditions.

Other important accomplishments in the Americas in fiscal 2002 included the opening of new markets for seed potatoes to Uruguay and apricots from the U.S. Pacific Northwest to Mexico. In addition, with the concerted efforts of FAS, APHIS, and USTR, markets for wheat in Argentina and Peru were retained.

Markets in Europe, Africa and the Middle East comprised \$583 million, or 28 percent of the total value of export accomplishments in fiscal 2002. A significant accomplishment in Europe was the retention of the poultry market to Russia which for fiscal 2002 was valued at \$495 million. In addition to retaining poultry to Russia, pet food markets in Latvia and Ukraine were expanded. Finally, new market access was obtained for pork, poultry, and soybeans to Romania.

#### IMPORT ACCOMPLISHMENTS

In fiscal 2002, APHIS implemented a number of changes to existing import requirements that provide for new or expanded access for imported products to the US market. These changes reflect US commitment to the principles of the SPS Agreement, which requires WTO member countries to select measures to protect animal and plant health that will restrict trade as little as possible. All import accomplishments for fiscal 2002 fell under market expansion and involved plant products. Their total value was nearly \$43 million.

<b>Table 2—FY 2002 Import Accomplishments</b>	
<b><u>Market Expansion</u></b>	
Plant Products	\$42,806,000
Animals & Products	\$ 0
Total.....	\$42,806,000
<b>Total.....</b>	<b>\$42,806,000</b>
Source: USDA <i>Foreign Agricultural Trade of the United States</i> .	



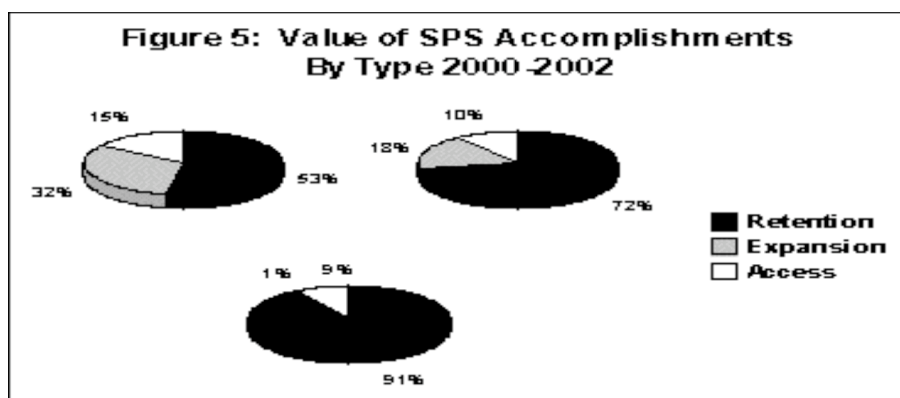
In fiscal 2002, USDA provided expanded access for Unshu oranges from Japan and papayas from Belize. Unshu oranges grown on Kyushu Island, Japan can now be imported into non-citrus producing areas of the United States. As a result of Belize being recognized as free from Mediterranean fruit fly, access for papayas has been expanded.

In addition, the groundwork was laid for future possible market access for the import of meat and meat products from Estonia and Greece, with both countries being added to the list of regions considered free of Rinderpest and Foot and Mouth Disease. However, both regions have yet to be recognized as free from Classical Swine Fever, therefore, imports of meat and meat products from those countries are still restricted.

## COMPARISON WITH EARLIER REPORTS

Since 1997, 407 export issues have been resolved allowing nearly \$10.6 billion in trade to take place. In fiscal 2002, 76 export issues were resolved as compared to 58 in fiscal 2001 and 67 in fiscal 2000. In fiscal 2002, a number of high-value markets were retained or expanded, including apples and potatoes to Mexico, poultry to Japan and Korea, and cotton to Colombia and Peru.

Retention issues are consistently the most significant among the three categories of SPS accomplishments in both number of issues and the total value of trade involved. As Figure 5 indicates, retention issues accounted for 53% of the total value of SPS accomplishments in fiscal 2002, 72% of the total value in fiscal 2001, and 91% in fiscal 2000. Market expansion is typically next largest in terms of value of trade involved, with a 33% share in fiscal 2002 and 19% in fiscal 2001.

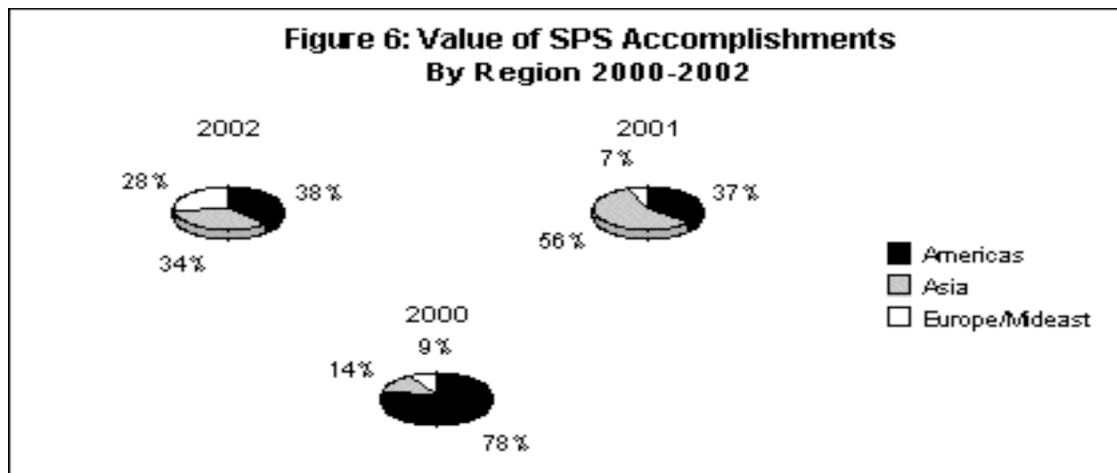


Market access is usually the smallest category of the SPS export accomplishments in value terms. However, market access accomplishments contribute to the growth of exports in subsequent years, and may result in follow-on SPS accomplishments. Table 3 shows how the values of markets that were opened in 2000 and 2001 have since increased. For instance, exports of wheat to Brazil and China have shown strong growth. These help to explain the greater total value of export accomplishments in fiscal 2002.

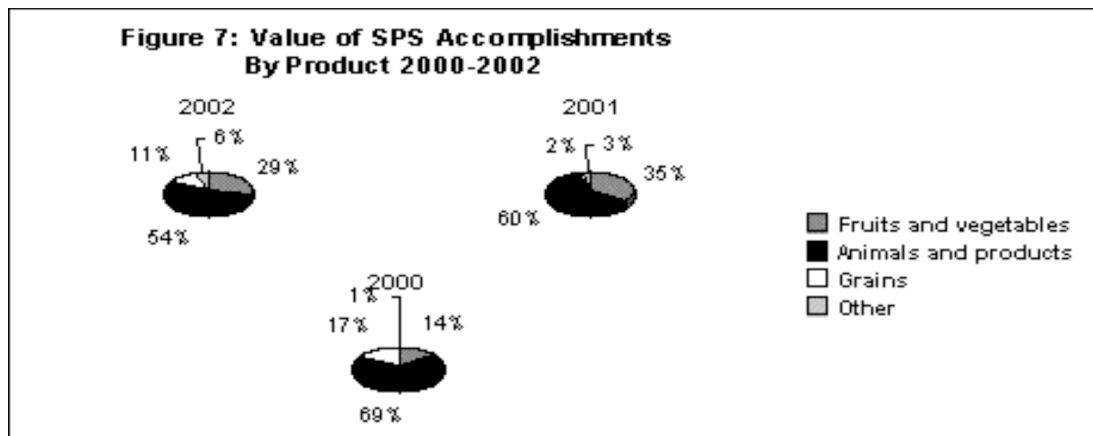
**Table 3--Export Markets Opened in FY 2000, 2001, 2002**

<b>Market</b>	<b>Product</b>	<b>Opened</b>	<b>FY2000</b>	<b>FY2001</b>	<b>FY2002</b>
Armenia	Cattle	FY2002	n/a	n/a	n/a
Australia	Grapes	FY2002	n/a	n/a	\$2,285,000
Brazil	Wheat	FY1999	\$3,075,580	\$1,393,683	\$91,661,000
Canada	Barberry Plants	FY2002	n/a	n/a	n/a
Chile	Grapes	FY2001	n/a	\$35,100	\$18,000
Chile	Kiwis	FY2001	n/a	\$0	\$0
Chile	Raspberries	FY2001	n/a	\$3,900	\$0
China	Bovine Embryos	FY2002	n/a		\$151,360
China	Citrus	FY2000	\$5,010,359	\$15,928,404	\$13,247,000
China	Tobacco	FY2000	\$3,968,671	\$0	\$408,000
China	Wheat	FY2000	\$18,176,847	\$17,244,698	\$30,249,000
China	Dairy Cows	FY2002	n/a	n/a	n/a
Cuba	Apples	FY2002	n/a	n/a	\$97,000
Cuba	Poultry	FY2002	n/a	n/a	\$17,283,000
Cuba	Pears	FY2002	n/a	n/a	\$0
Czech Republic	Bovine Embryo	FY2002	n/a	n/a	\$241,620
Egypt	Cattle	FY2001	n/a	\$0	\$0
Greece	Wheat	FY2000	\$52,378	\$0	\$2,800,000
Hungary	Corn Seed	FY2001	n/a	\$776,409	\$3,039,000
India	Wheat	FY2000	\$0	\$0	\$207,000
Japan	Cherries	FY2001	n/a	\$90,455,598	\$85,923,000
Japan	Potatoes	FY2002	n/a	n/a	\$152,338,000
Korea	Walnuts	FY2002	n/a	n/a	\$6,346,000
Kosovo	Poultry	FY2002	n/a	n/a	\$84,000
Mexico	Apricots	FY2002	n/a	n/a	\$3,650
Mexico	Canola Seeds	FY2001	n/a	\$8,542,077	\$9,262,423
New Zealand	Papaya	FY1999	\$17,322	\$0	\$0
New Zealand	Pears	FY1999	\$15,250	\$15,974	\$108,000
Pakistan	Apples	FY2002	n/a	n/a	\$24,000
Pakistan	Cotton	FY2002	n/a	n/a	\$93,365,000
Panama	Goats	FY2002	n/a	n/a	\$0
Philippines	Citrus	FY1999	\$2,238,186	\$2,078,585	\$1,495,000
Romania	Pork	FY2002	n/a	n/a	\$139,000
Romania	Poultry	FY2002	n/a	n/a	\$16,897,000
Romania	Soybeans	FY2002	n/a	n/a	\$15,174,000
Taiwan	Asparagus	FY1999	\$1,662,261	\$1,205,433	\$40,000
Taiwan	Carrots	FY1999	\$10,500	\$9,000	\$0
Thailand	Citrus	FY1999	\$231,577	\$231,577	\$180,000
Thailand	Breeding swine	FY2000	\$296,733	\$0	\$134,000
Thailand	Horses	FY2000	\$20,260	\$11,260	\$0
Thailand	Seeds Potatoes	FY2001	n/a	\$3,045,650	\$51,498
Uruguay	Seed Potatoes	FY2002	n/a	n/a	\$53,058
Venezuela	Horses	FY2002	n/a	n/a	\$253,000
<b>Total</b>			<b>\$34,775,924</b>	<b>\$140,977,348</b>	<b>\$543,557,609</b>

The distribution of accomplishments by region also varies from year to year as shown by Figure 6. In fiscal 2001, trade issues in Asia dominated the export accomplishments with shares of 56%, however in fiscal 2002 trade issues in the Americas dominated the export accomplishments with 38%. The Asia region also accounts for a good number of the export accomplishments, with 34% in fiscal 2002.



The SPS export accomplishments include all kinds of products ranging from live animals to cotton. Animal and animal products have been heavily represented due in part to the high per unit value of these products.



The above comparison of three years' data on annual SPS accomplishments indicates that the number of accomplishments and the value of trade involved vary extensively from year to year. This variation reflects the difference in the size of markets and the value of exported products. In addition, it is impossible to predict when an export accomplishment might happen – market retention accomplishments, which account for most accomplishments, occur because of an action taken by a trading partner. Likewise, negotiations to open or expand markets are frequently long and arduous.

## **COMPILING THE SPS ACCOMPLISHMENTS REPORT**

In order to ensure continuity and consistency from year to year, a number of definitions were established to describe what constitutes an SPS accomplishment. The APHIS definition of an accomplishment is provided in the introduction of this Report. Furthermore, three categories of accomplishments were established. All accomplishments are classified as market access, market expansion, or market retention issues. These definitions have been used since the first Report, covering fiscal 1996, was prepared.

The process by which data on the accomplishments are compiled and then analyzed is also standardized (the methodology was first used for the fiscal 1997 Report). The APHIS Trade Support Team coordinates the collection of data on trade issues that have been resolved, international standard setting activities, and technical assistance.

The primary source of information on trade accomplishments comes from the APHIS staffs directly involved with the trade issue. The Phytosanitary Issues Management staff (part of Plant Protection and Quarantine) and the National Center for Import/Export (part of Veterinary Services) provide information on the plant and animal health issues resolved in the fiscal year. In addition, APHIS' Foreign Service officers are polled about their SPS accomplishments and activities. Information is also gathered from APHIS press releases and from other reports of USDA's weekly SPS/TBT meeting, which is chaired by FAS.

Once the list of trade accomplishments is complete, the value of each accomplishment is estimated (where possible). The value of each accomplishment is presented in two ways: first the value of actual trade in the affected commodity during fiscal 2002, and second, an estimate of the future potential value of the market. The future potential value of the market is an estimate of the level trade could reach over the next few years. Using the same data sources for each year's Report facilitates comparisons from year to year.

The primary source of trade data is US customs data compiled by the US Census Bureau and taken from the USDA publication *Foreign Agricultural Trade of the United States* as well as other databases. For some products, trade data are not recorded. Thus, estimating the potential value of an SPS accomplishment can be a challenge, especially where new exports to a previously closed market are concerned. In arriving at these estimates, the Report considers factors such as similar exports by other countries, the importing countries' purchasing power, and sales into comparable markets. In addition to trade data, other sources used for the estimates include market reports compiled by USDA's Foreign Agricultural Service and industry estimates.

## **TRADE FACILITATION**

For the last four years, the SPS Accomplishments Report has included a section detailing just a few of USDA's successes in resolving problems facing individual shipments of U.S. agricultural products at port of entry. For fiscal 2002, APHIS compiled a more complete and detailed report on these trade facilitation successes, based on monthly reports from APHIS attaches around the world. The monthly report highlights the commodity, the quantity, the unit of measure, the estimated value, the country where the shipment was held, the state of origin, and the situation surrounding the release of the shipment. The Trade Facilitation Report was launched in January 2002 so the data presented does not include the first quarter of fiscal year 2002.

U.S. agricultural products may encounter problems at the port of entry for a variety of reasons. For instance, there may exist a minor defect with an accompanying sanitary or phytosanitary certificate. In other cases, an exporter or importer may have failed to meet all the requirements of the importing country or some pest may be intercepted. There may also be some confusion on the part of the inspector at the port of entry.

Regardless of the causes for the detained shipment, it is very costly for the commercial entities involved: charges are incurred if a shipment must be held at port, perishable products could lose their value, or a shipment may have to be destroyed or re-exported. When shipments are held due to sanitary or phytosanitary concerns, APHIS and FAS attaches can work closely with the importing country to resolve the problem, which often results in the shipment being released and allowed entry into the country.

### **Trends in Trade Facilitation for Fiscal 2002**

In fiscal 2002, APHIS attaches facilitated 171 shipments worth \$50 million. The Americas region, which includes North, South, and Central America, facilitated 105 shipments worth over \$22 million. The Asia Pacific region facilitated 52 shipments worth over \$12 million. The Europe, Africa, and Middle East region facilitated 14 shipments worth over \$14 million.



## **Regional Trade Facilitation Accomplishments**

APHIS' **North American and Caribbean Region** facilitated the release of 29 shipments which resulted in over \$11 million in trade. Border issues are a continual challenge in US-Mexico trade. Due to the significant flow of products across the US-Mexico border, APHIS personnel in Mexico in particular are often called upon to assist in resolving difficulties.

Mexico: Through extensive negotiations, APHIS Mexico obtained the authorization of four additional ports of entry for apples. This resulted in the release of a shipment of apples valued at over \$5 million and assured port accessibility for future apple shipments.

**The South American Region** facilitated the release of 37 shipments which resulted in over \$2 million in trade. These included shipments of beans, cotton, and other products that were held at various foreign ports of entry throughout South America. Examples of how APHIS-IS secured the release of shipments are listed below:

Peru: A shipment of cotton valued at about \$1 million was held by Chilean officials due to a misspelling on the phytosanitary certificate. Through the efforts of the APHIS office in Chile, a corrected certificate was provided to the Chilean officials and the shipment was released.

Argentina: After discussions with their Argentine counterparts, APHIS IS staff assisted a California bean exporter to secure the release of a bean shipment valued at more than \$80,000.

**The Central American Region** facilitated the release of 27 shipments which resulted in over \$10 million in trade. These included shipments of rice, cotton, and other products that were held at various foreign ports of entry throughout Central America.

Costa Rica and Guatemala: Three rice shipments were detained at ports in Costa Rica and Guatemala due to problems with phytosanitary certificates. Through the efforts of APHIS, these shipments of rice were released.

**The Asia-Pacific Region** facilitated the release of 44 shipments which resulted in over \$14 million in trade. These include individual shipments of grapes, citrus, and other products held at various ports of entry throughout the region.

Japan: Through the efforts of the APHIS IS office in Japan, over \$13 million in citrus shipments held by Japanese officials for various reasons were released.

Australia: Thirteen shipments of table grapes valued at \$100,000 were held by Australian officials due to the absence of pallet numbers on the boxes. APHIS intervention at the highest levels (Administrator and Deputy Administrator), in concert with efforts by USTR, successfully obtained the release of the shipments.

**The European Region** facilitated the release 14 shipments which resulted in over \$14 million in trade. These include individual shipments of soybeans, lumber, and other products held at ports in Europe.

Romania: Through the efforts of the APHIS IS office in Vienna, the Romanians waived the requirement of veterinary certification for soybeans, which allowed a shipment of 14,000 tons of soybeans valued at over \$3 million to be released. The resolution of this issue contributed to the retention of the market for US soybeans.

Bosnia: APHIS-IS Vienna secured the release of sunflower oil valued at \$3 million by providing an additional declaration that was needed on the phytosanitary certificate.

#### **TECHNICAL ASSISTANCE AND OUTREACH**

The WTO SPS Agreement obligates members to facilitate the provision of technical assistance related to the Agreement to other members, especially developing countries. In fiscal 2002, USDA participated in a number of technical assistance activities related to plant and animal health, the provisions of the SPS Agreement, and risk assessment.

In fiscal 2002, APHIS staff participated in a number of international technical assistance efforts in the areas of plant and animal health. For example, APHIS hosted several seminars on BSE in the Philippines and Korea. In addition, APHIS worked with the Mongolian government to develop an emergency preparedness plan for Foot and Mouth Disease in that country.

The APHIS Visitors Center hosts domestic and international visitors interested in learning about APHIS' SPS activities and its domestic programs. The Visitors Center supports APHIS' trade facilitation role by arranging programs for U.S. trade partners on quarantine, safeguarding, and regulatory issues. In fiscal 2002, the Visitors Center welcomed 657 international visitors. These programs included meeting with APHIS officials, visits to port facilities, observation of field operations for domestic eradication programs, and discussions of U.S. quarantine requirements. The interest of foreign visitors ranged across the full spectrum of APHIS' activities, including biotechnology which accounted for 25% of the total number of visits. Other programs of interest were quarantine requirements, animal disease programs, plant pest eradication, and animal care.

The Visitors Center also plays an important role in SPS outreach by providing distance learning modules that address SPS principles and their implementation. The modules, which are available in a variety of media, are provided to USDA attaches worldwide. They, in turn, share these resources with country counterparts and other collaborators as appropriate.

FAS administers the Cochran Fellowship program, which funds training programs for senior and mid-level agriculturists from middle income countries and emerging

democracies. The objectives of the program are to assist eligible countries to develop the agricultural infrastructure necessary to meet domestic food needs, and to strengthen and enhance trade linkages with the United States. In recent years, the Cochran program has funded numerous training programs related to biotechnology and the SPS-related issues of food safety, animal health, and plant quarantine.

In fiscal 2002, APHIS supported 50 Cochran Fellowship programs relating to plant and animal health, veterinary trade policy and biotechnology in 41 countries. The training visits arranged by the Cochran program provide an opportunity to share U.S. perspectives on SPS principles with the participants. All U.S. government agencies working with SPS issues, including FAS, APHIS FSIS, the Food and Drug Administration, and the Environmental Protection Agency, participate in the Cochran Fellowship program visits.

The Technical Issues Resolution Fund (TIRF), also administered through FAS, funds projects to resolve specific SPS-related trade issues in emerging markets. Two kinds of activities are supported: immediate term activities geared to solving a current trade problem and longer term strategic activities such as workshops and seminars. In fiscal 2002, APHIS participated in 3 TIRF-supported projects dealing with SPS issues in emerging market countries or regions.

At the African Growth and Opportunity Act (AGOA) forum in January 2003, President Bush announced that APHIS officials were to be placed in each of the three regional trade hubs in Africa (Botswana, Kenya, and Ghana). These positions will allow APHIS to provide technical leadership for the timely and accurate preparation of plant health risk assessments for African horticultural crop exports. APHIS will work closely with the plant protection services in the region in the preparation of risk analysis documents, as well as supporting long-term activities, such as training programs for plant protection and risk assessment officials, improved coordination of risk analysis activities within the region, and guidance on building plant health infrastructure. This program marks the first time that APHIS has assigned personnel overseas to provide technical support for risk analysis, and reflects the importance to the Administration of promoting trade with African countries.



## INTERNATIONAL STANDARDS

### International Plant Protection Convention (IPPC)

The International Plant Protection Convention (IPPC) is identified in the WTO SPS Agreement as the international standard-setting body in the area of plant health. The IPPC, as amended in 1997, established a Commission on Phytosanitary Measures to oversee implementation of the Convention, particularly the development of phytosanitary standards. An Interim Commission on Phytosanitary Measures (ICPM) has been operating since 1998 and will remain in place until the 1997 amended Convention comes into force.

APHIS places a high priority on the development of international standards. Standards are critical for establishing a more predictable trade system and providing basic phytosanitary norms for fair and safe trade in plant commodities. We believe that such a system of globally accepted standards will help over time to reduce and prevent SPS trade disputes among countries. Accordingly, APHIS has played an active role in the ICPM, particularly in its standard setting program.

At its 4<sup>th</sup> session, held in March 2002, the ICPM adopted four new international phytosanitary standards and an ambitious work program for 2002-3. Newly adopted standards include:

1. Integrated Measures for Pest Risk Management (Systems Approach): This standard provides guidelines for the development and evaluation of integrated measures for pest risk management designed to meet phytosanitary requirements for the import of plants, plant products and other regulated articles. Such a system for managing risk through a series of individual measures is also referred to a "systems approach." Given the eventual loss of methyl bromide as a quarantine tool, many countries are relying increasingly on new approaches for reducing pest risks and meeting foreign import requirements. Systems approaches, or the use of multiple pest risk mitigation measures, have emerged as an increasingly popular way to certify plant commodities for export.
2. Guidelines for Regulating Wood Packaging Material: This standard harmonizes the requirements for the international movement of wood packaging material, which has been determined to be a high risk pathway for the introduction and spread of harmful pests. Because the origin of wood packaging material is often difficult to determine, globally recognized treatments that significantly reduce the risk of pest spread are essential. This standard recognizes two such treatments, making this the first commodity specific standard adopted by the ICPM. The standard acknowledges that other treatments are under review and may be adopted in the future once the scientific efficacy data are compiled, reviewed, and accepted.
3. Pest Reporting: This standard describes the responsibilities of and requirements for countries in reporting the occurrence, outbreak and spread of pests as well as pest status in their country (e.g., including successful eradication or establishment of pest free areas).

This standard supports an IPPC obligation related to information sharing aimed at preventing the spread of pests.

4. Regulated Non-Quarantine Pests: Concepts and Applications: The IPPC defines a “regulated non-quarantine pest” as: “...a pest whose presence in plants for planting affects the intended use of those plants with an economically unacceptable impact and which is therefore regulated within the territory of the importing contracting party.” This standard describes the concept of regulated non-quarantine pests and their characteristics. It also describes the application of the concept in practice and relevant elements for regulatory systems. This concept standard will be followed by the development of a more detailed standard which will provide guidance for conducting pest risk analyses specific to regulated non-quarantine pests.

### **International Office of Epizootics**

The basic mission of the World Organization for Animal Health (OIE), (in French, L’Office International des Epizooties, or OIE), which has a membership of over 162 member countries, is to prevent the spread of animal diseases. To this end, the OIE's major functions are to collect and disseminate information on the distribution and occurrence of animal diseases, to coordinate research on contagious animal diseases, and to develop international standards for the safe movement of animals and animal products in international trade.

The World Trade Organization's (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) designated the OIE as the international forum for setting standards on animal health and zoonoses for international trade. While the OIE has traditionally focused on diseases of livestock and on setting diagnostic standards (e.g., for vaccines and reagents), it has also begun to address disease risks associated with wildlife and animal aquatic species. Considerable progress has already been achieved in establishing OIE standards for trade in aquatic species (e.g., fish, crustaceans, and mollusks).

USDA's Animal and Plant Health Inspection Service (APHIS) plays an active role in the OIE's standard-setting activities. APHIS participates vigorously in the various OIE Commissions and Working Groups, where OIE positions, policies, and standards are developed and drafted. These include the International Animal Health Code Commission, the Foot-and-Mouth Disease and Other Epizootics Commission, which assists countries by developing strategies for disease control, the Fish Diseases Commission, which establishes health standards for the trade in aquatic species, and the Standards Commission, which publishes the Manual for Standards and Diagnostic Test and Vaccines. The Working Groups include the Working Group on Wildlife Diseases, and the newly formed Working Groups on Animal Welfare, and on Animal Production Food Safety.

Specifically, at its 71<sup>st</sup> General Session in May 2003, the OIE delegates will vote to adopt several changes into the 2003 International Animal Health Code. These will include:

1. Code Chapter on Foot and Mouth Disease (FMD) – continued updates to this Code Chapter attempt to provide countries with reachable goals to either attain or regain freedom from FMD.
2. Code Chapter on Leptospirosis - updates treatment requirements when moving livestock in international trade.
3. Code Chapter on Bovine Spongiform Encephalopathy – clarifies certain Articles to the Chapter.
4. Code Chapter on Rift Valley Fever (RVF) - this is a new chapter which outlines the health conditions for moving animals out of areas affected with RVF.
5. Code Chapter on Classical Swine Fever (CSF) - the appendix to this chapter regarding the virus inactivation procedures has been updated.
6. Notification on Epidemiological Information - this is a chapter which outlines procedures and criteria for reporting diseases and moves away from reporting based on the traditional List A and List B diseases to reporting disease “events” of significance regardless of the disease.

In addition, the OIE International Committee will vote to adopt or address the following issues:

1. Animal Welfare – establish Ad hoc groups to address the humane transportation of cattle, horses, pigs, sheep, goats, and poultry, and to address the humane slaughter of these species.
2. Code Chapter on Avian Influenza – develop an updated chapter on avian influenza that will include the non-pathogenic strain on H7 and H5 strains that have historically mutated into virulent strains.

**Table 4: Current Export Markets Retained in FY2002**

<b>Country</b>	<b>Products</b>	<b>Trade in FY2002</b>	<b>Market Potential</b>
Argentina	Dairy Products	\$1,791,000	\$12,000,000
Argentina	Poultry	\$96,000	\$200,000
Argentina	Wheat	\$1,222,000	\$1,500,000
Austria	Wooden Pallets	n/a	n/a
Bulgaria	Poultry	\$3,129,000	\$5,000,000
Canada	Potatoes	\$4,158,750	\$5,000,000
Chile	Day old Chicks	n/a	n/a
Chile	Embryos	\$0.00	\$1,000.00
Chile	Grains	\$58,634,000	\$60,000,000
Chile	Hatching Eggs	\$160,960	\$200,000
Estonia	Bovine Semen	\$40,000	\$50,000
Israel	Dairy	\$5,416,000	\$6,000,000
Japan	Citrus	\$206,987,000	\$220,000,000
Japan	Fishmeal	n/a	n/a
Japan	Poultry	\$92,324,000	\$120,000,000
Korea	Poultry	\$77,640,981	\$95,000,000
Mexico	Table Eggs	\$18,226,000	\$20,000,000
New Zealand	Grapes	\$1,700,000	\$3,000,000
Peru	Poultry	\$2,731,000	\$4,000,000
Peru	Wheat	\$74,422,000	\$80,000,000
Philippines	Poultry	\$15,497,000	\$20,000,000
Poland	Breeding gilt (Pig)	\$0.00	\$1,000.00
Poland	Red Meat	\$5,000,000	\$5,500,000
Poland	Poultry	\$37,680,000	\$50,000,000
Romania	Beef	\$904,000	\$1,000,000
Russia	Corn	\$8,034,000	\$10,000,000
Russia	Poultry	\$494,885,000	\$600,000,000
Trinidad & Tobago	Pet Food	\$635,000	\$650,000
Uruguay	Dairy Products	\$1,149,000	\$1,000,000
<b>Total</b>		<b>\$1,112,462,691</b>	<b>\$1,319,100,001</b>

Note: "n/a" indicates that trade data are not available for the product.  
Source: USDA *Foreign Agricultural Trade of the United States*.

**Table 5: Current Export Markets Expanded in FY2002**

<b>Country</b>	<b>Product</b>	<b>Trade in FY2002</b>	<b>Market Potential</b>
Argentina	Horses	\$1,364,000	\$1,500,000
Brazil	Seed Potatoes	\$0.00	\$1,000
Bulgaria	Pork	\$46,000	\$50,000
Canada	Hay	\$3,611,000	\$4,000,000
Canada	Poultry	\$345,924,000	\$350,000,000
Chile	Salmon Eggs	n/a	n/a
Chile	Grapefruit	\$0.00	\$1,000
China	Tobacco	\$471,000	\$800,000
Colombia	Cotton	\$28,546,000	\$31,000,000
Greece	Seeds	\$40,000	\$45,000
Japan	Apples	\$116,000	\$1,200,000
Japan	Cherries	\$82,895,000	\$91,000,000
Latvia	Pet food	\$77,000	\$80,000
Mexico	Apples	\$88,335,000	\$95,000,000
Mexico	Avocados	\$90,100	\$200,000
Mexico	Canola Seed	\$9,262,423	\$11,000,000
Mexico	Cherries	\$1,560,000	\$2,000,000
Mexico	M&BM	n/a	n/a
Mexico	Potatoes	\$35,559,000	\$40,000,000
Mexico	Stone fruit	\$20,334,075	\$25,000,000
Peru	Cotton	\$30,661,000	\$35,000,000
Peru	Lentils	\$3,764,000	\$4,000,000
Philippines	Soybeans	\$52,217,000	\$60,000,000
Ukraine	Pet food	\$36,000	\$500,000
<b>Total</b>		<b>\$704,908,598</b>	<b>\$752,375,000</b>

Note: "n/a" indicates that trade data are not available for the product.

Source: USDA *Foreign Agricultural Trade of the United States*.

**Table 6: New Market Access Gained in FY2002**

<b>Country</b>	<b>Product</b>	<b>Trade in FY2002</b>	<b>Market Potential</b>
Armenia	Cattle	n/a	n/a
Australia	Grapes	\$2,285,000	\$3,000,000
Canada	Barberry Plants	n/a	n/a
China	Bovine Embryos	\$151,360	\$200,000
China	Dairy Cows	n/a	n/a
Cuba	Poultry	\$17,283,000	\$20,000,000
Cuba	Apples	\$97,000	\$100,000
Cuba	Beef	\$0.00	\$0.00
Cuba	Pears	\$0.00	\$0.00
Cuba	Pork	\$0.00	\$0.00
Czech Republic	Bovine Embryos	\$241,620	\$300,000
Japan	Potatoes	\$152,338,000	\$165,000,000
Korea	Walnuts	\$6,346,000	\$7,000,000
Kosovo	Poultry	\$84,000	\$100,000
Mexico	Apricots	\$3,650	\$5,000
Pakistan	Cotton	\$93,365,000	\$120,000,000
Pakistan	Apples	\$24,000	\$30,000
Panama	Goats	\$0.00	\$0.00
Romania	Pork	\$139,000	\$150,000
Romania	Poultry	\$16,897,000	\$20,000,000
Romania	Soybeans	\$15,174,000	\$20,000,000
Uruguay	Seed Potatoes	\$53,058	\$60,000
Venezuela	Horses	\$253,000	\$1,000,000
<b>Total</b>		<b>\$304,734,688</b>	<b>\$356,865,000</b>

Note: "n/a" indicates that trade data are not available for the product.

Source: USDA *Foreign Agricultural Trade of the United States*.

**Table 7: Import Accomplishments in FY2002**

<b>Country</b>	<b>Product</b>	<b>Trade in FY2002</b>	<b>Market Potential</b>
Belize	Papayas	\$7,587,000	\$8,000,000
Canada	Christmas Trees	\$21,538,000	\$25,000,000
Canada	Logs	n/a	n/a
Estonia	Meat Products	\$0.00	\$0.00
Greece	Meat Products	\$0.00	\$0.00
Israel	Peppers	\$13,681,000	\$20,000,000
Japan	Unshu oranges	n/a	n/a
Philippines	Mangoes	\$0.00	\$10,000
Portugal	Pork Products	n/a	n/a
<b>Total</b>		<b>\$42,806,000</b>	<b>\$52,010,000</b>

